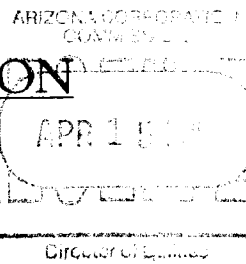
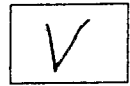


ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION



ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



W-02096A
VERDE LEE WATER COMPANY
P. O. BOX 984
CLIFTON AZ 85533-

ANNUAL REPORT

FOR YEAR ENDING

12	31	2001
----	----	------

FOR COMMISSION USE

ANN04	01
-------	----

Processed by:

4-17-02 cm

SCANNED

COMPANY INFORMATION

Company Name (Business Name) Verde Lee Water Co., Inc.

Mailing Address P.O. Box 984
(Street)

Clifton
(City)

AZ
(State)

85533
(Zip)

(928) 865-4912

(928) 428-0802

N/A

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address N/A

Local Office Mailing Address P.O. Box 984
(Street)

Clifton
(City)

AZ
(State)

85533
(Zip)

(928) 865-4912

(928) 428-0802

N/A

Local Office Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address N/A

MANAGEMENT INFORMATION

Management Contact: Forrest G. Wilkerson President/Gen. Manager
(Name) (Title)

727 W. Relation St.
(Street)

Safford
(City)

AZ
(State)

85546
(Zip)

(928) 865-4912

(928) 428-0802

N/A

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address N/A

On Site Manager: Forrest G. Wilkerson
(Name)

727 W. Relation St.
(Street)

Safford
(City)

AZ
(State)

85546
(Zip)

(928) 428-3190

(928) 428-0802

N/A

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address N/A

Statutory Agent: <u>Forrest G. Wilkerson</u>			
(Name)			
<u>727 W. Relation St.</u>	<u>Safford</u>	<u>AZ</u>	<u>85546</u>
(Street)	(City)	(State)	(Zip)
<u>520-428-3190</u>	<u>520-428-0802</u>	<u>N/A</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Attorney: <u>Irval Mortensen</u>			
(Name)			
<u>702 8th Ave.</u>	<u>Safford</u>	<u>AZ</u>	<u>85546</u>
(Street)	(City)	(State)	(Zip)
<u>520-428-2700</u>	<u>N/A</u>	<u>N/A</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S) | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|-----------------------------------|--|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input checked="" type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	-	-	-
302	Franchises	-	-	-
303	Land and Land Rights	174,003	10,820	163,183
304	Structures and Improvements	-	-	-
307	Wells and Springs	32,272	29,066	3,206
311	Pumping Equipment	44,163	37,006	7,157
320	Water Treatment Equipment	-	-	-
330	Distribution Reservoirs and Standpipes	182,711	133,553	49,158
331	Transmission and Distribution Mains	241,072	198,156	42,916
333	Services	-	-	-
334	Meters and Meter Installation	13,361	12,440	921
335	Hydrants	-	-	-
336	Backflow Prevention Devices	-	-	-
339	Other Plant and Misc. Equipment	116,830	82,232	34,598
340	Office Furniture and Equipment	431	431	-
341	Transportation Equipment	2,436	2,436	-
343	Tools, Shop and Garage Equipment	2,303	1,148	1,155
344	Laboratory Equipment	-	-	-
345	Power Operated Equipment	-	-	-
346	Communication Equipment	-	-	-
347	Miscellaneous Equipment	-	-	-
348	Other Tangible Plant	-	-	-
	TOTALS	809,582	507,288	302,294

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Percentage Depreciation (2)	Depreciation Expense (1x2)
301	Organization	-	-	-
302	Franchises	-	-	-
303	Land and Land Rights	174,003	0.02	40
304	Structures and Improvements	-	-	-
307	Wells and Springs	32,272	0.45	145
311	Pumping Equipment	44,163	6.48	2,863
320	Water Treatment Equipment	-	-	-
330	Distribution Reservoirs and Standpipes	182,711	4.23	7,762
331	Transmission and Distribution Mains	241,072	2.26	5,453
333	Services	-	-	-
334	Meters and Meter Installation	13,361	3.30	441
335	Hydrants	-	-	-
336	Backflow Prevention Devices	-	-	-
339	Other Plant and Misc. Equipment	116,830	4.63	5,411
340	Office Furniture and Equipment	431	-	-
341	Transportation Equipment	2,436	-	-
343	Tools, Shop and Garage Equipment	2,303	20.06	462
344	Laboratory Equipment	-	-	-
345	Power Operated Equipment	-	-	-
346	Communication Equipment	-	-	-
347	Miscellaneous Equipment	-	-	-
348	Other Tangible Plant	-	-	-
	TOTALS	809,582	2.79	22,577

BALANCE SHEET

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 38,400	\$ 34,547
134	Working Funds	-	-
135	Temporary Cash Investments	-	-
141	Customer Accounts Receivable	7,511	7,046
146	Notes/Receivables from Associated Companies	-	-
151	Plant Material and Supplies	-	-
162	Prepayments	564	-
174	Miscellaneous Current and Accrued Assets	-	-
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 46,475	\$ 41,593
			-
	FIXED ASSETS		-
101	Utility Plant in Service	\$ 806,329	\$ 809,582
103	Property Held for Future Use	-	-
105	Construction Work in Progress	-	-
108	Accumulated Depreciation - Utility Plant	(484,711)	(507,288)
121	Non-Utility Property	-	-
122	Accumulated Depreciation - Non Utility	-	-
	TOTAL FIXED ASSETS	\$ 321,618	\$ 302,294
	TOTAL ASSETS	\$ 368,093	\$ 343,887

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 1,264	\$ 551
232	Notes Payable (Current Portion)	5,585	-
234	Notes/Accounts Payable to Associated Companies	-	-
235	Customer Deposits	-	-
236	Accrued Taxes	-	-
237	Accrued Interest	-	-
241	Miscellaneous Current and Accrued Liabilities	793	3,017
	TOTAL CURRENT LIABILITIES	\$ 7,642	\$ 3,568
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 41,963	\$ -
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$ -	\$ -
252	Advances in Aid of Construction	-	-
255	Accumulated Deferred Investment Tax Credits	-	-
271	Contributions in Aid of Construction	-	-
272	Less: Amortization of Contributions	-	-
281	Accumulated Deferred Income Tax	-	-
	TOTAL DEFERRED CREDITS	\$ -	\$ -
	TOTAL LIABILITIES	\$ 49,605	\$ 3,568
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 328,920	\$ 328,920
211	Paid in Capital in Excess of Par Value	-	-
215	Retained Earnings	(10,432)	11,399
218	Proprietary Capital (Sole Props and Partnerships)	-	-
	TOTAL CAPITAL	\$ 318,488	\$ 340,319
	TOTAL LIABILITIES AND CAPITAL	\$ 368,093	\$ 343,887

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 103,433	\$ 102,539
460	Unmetered Water Revenue	-	-
474	Other Water Revenues	-	-
	TOTAL REVENUES	\$ 103,433	\$ 102,539
	OPERATING EXPENSES		
601	Salaries and Wages	15,360	17,643
610	Purchased Water	-	-
615	Purchased Power	5,193	5,075
618	Chemicals	-	-
620	Repairs and Maintenance	589	1,750
621	Office Supplies and Expense	430	1,425
630	Outside Services	6,443	12,120
635	Water Testing	685	1,430
641	Rents	4,900	3,600
650	Transportation Expenses	2,171	3,443
657	Insurance-General Liability	257	273
659	Insurance-Health and Life	442	405
666	Regulatory Commission Expense - Rate Case	-	-
675	Miscellaneous Expense	2,232	97
403	Depreciation Expense	39,202	22,577
408	Taxes Other Than Income	6,794	1,465
408.11	Property Taxes	4,400	4,542
409	Income Tax	854	2,828
	TOTAL OPERATING EXPENSES	\$ 89,952	\$ 78,673
	OTHER INCOME/EXPENSE		
419	Interest and Dividend Income	\$ -	\$ -
421	Non-Utility Income	-	3
426	Miscellaneous Non-Utility Expenses	-	-
427	Interest Expense	(3,579)	(2,038)
	TOTAL OTHER INCOME/EXP	\$ (3,579)	\$ (2,035)
	NET INCOME/(LOSS)	\$ 9,902	\$ 21,831

COMPANY NAME Verde Lee Water Co., Inc.

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	3/8/2000			
Source of Loan	Bank One			
ACC Decision No. 6/9/2000	62623			
Reason for Loan	Construction			
Dollar Amount Issued	\$ 50,950.00			
Amount Outstanding	\$ -			
Date of Maturity	Paid 5/15/01			
Interest Rate	10.85%			
Current Year Interest	\$ 2,303.00			
Current Year Principle	\$ 47,548.00			

Meter Deposit Balance at Test Year End \$ 0 .

Meter Deposits Refunded During the Test Year \$ 0 .

COMPANY NAME Verde Lee Water Co., Inc.

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number	Pump Horsepower	Pump Yield (Gpm)	Casing Size (inches)	Meter Size (inches)
D5-30-10-1	2.5	200+	8	NONE
D5-30-10-2	7.5	150	8	NONE
D5-30-10-3	5.0	30	8	NONE
D5-30-10-4	5.0	18	8	NONE

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
N/A		

TOTAL GALLONS PUMPED (NOT SOLD) THIS YEAR (thous.)= 0.

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
5	4	None	None

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
125,000	1	2000	1
125,000	1	2500	1
125,000	1		
125,000	1		

STATISTICAL INFORMATION

Total number of customers	187	
Total number of gallons sold	19,099,200	gallons

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>7432</u>
Estimated or Actual Federal Tax Liability	<u>1115</u>

State Taxable Income Reported	<u>24659</u>
Estimated or Actual State Tax Liability	<u>1713</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u> </u>
Amount of Gross-Up Tax Collected	<u> </u>
Total Grossed-Up Contributions/Advances	<u> </u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

Forrest G. Wilkerson
SIGNATURE

4-12-02
DATE

Forrest G. Wilkerson

PRINTED NAME

President

TITLE

COMPANY NAME Verde Lee Water Co., Inc. **YEAR ENDING** 12/31/2001

**WATER AND SEWER
UTILITIES ONLY**

PROPERTY TAXES

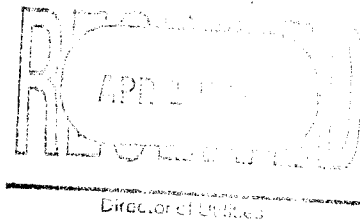
Indicate the amount of actual property taxes paid during this reporting period (Calendar Year 2001)

\$ 4,541.91

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled Checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain reasons below:

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**



VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>Graham</u>
NAME (OWNER OR OFFICIAL) TITLE <u>Forrest G. Wilkerson, Owner</u>
COMPANY NAME <u>Verde Lee Water Co., Inc.</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

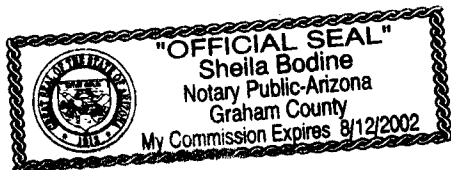
FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2001</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2001 WAS:



Arizona IntraState Gross Operating Revenues Only (\$)

\$ 102,586

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 5,765
IN SALES TAXES BILLED, OR COLLECTED

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

Fourth

DAY OF

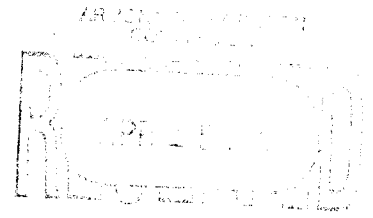
(SEAL)

MY COMMISSION EXPIRES 8/12/02

Forrest G. Wilkerson
SIGNATURE OF OWNER OR OFFICIAL
928-428-3190
TELEPHONE NUMBER

COUNTY NAME <u>Graham</u>	
MONTH <u>April</u>	<u>2002</u>
<u>Sheila Bodine</u> SIGNATURE OF NOTARY PUBLIC	

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**



VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

(COUNTY NAME) Graham	
NAME (OWNER OR OFFICIAL) Forrest G. Wilkerson	TITLE Owner
COMPANY NAME Verde Lee Water Co., Inc.	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2001

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

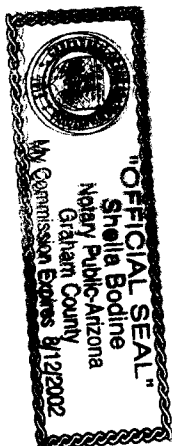
IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2001 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES \$ 102,586

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 5,765
IN SALES TAXES BILLED, OR COLLECTED

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

X Forrest G. Wilkerson
SIGNATURE OF OWNER OR OFFICIAL



SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

4th

DAY OF

(SEAL)

MY COMMISSION EXPIRES

8/12/02

NOTARY PUBLIC NAME Sheila Bodine	
COUNTY NAME Graham	
MONTH April	20 02

X Sheila Bodine
SIGNATURE OF NOTARY PUBLIC

VERDE LEE WATER CO., INC.

P.O. BOX 984
CLIFTON, AZ 85533

4279

DATE 3-29-01

91-2
121

PAY
TO THE
ORDER OF

GREENLEE COUNTY TREASURER

\$ 2182.84

TWO THOUSAND, EIGHTY TWO & 84/100

DOLLARS

BANK ONE

Bank One Arizona, PA
Salem, OR 97301

FOR HALF 2000 Property TAX

Forced to be withdrawn

00042790 12221000241

2090146210

00000218284

PAY TO THE ORDER OF
COMMUNITY FIRST NATIONAL BANK

MORENO, AZ 85540
122105647

FOR DEPOSIT ONLY
PAT HERNANDEZ

GREENLEE COUNTY TREASURER
8220130166

091300036
02-10
Fargo, ND

040501
COMMUNITY FIRST BANK
2091300036

091300036
COMMUNITY FIRST BANK

122105647

02-10

Fargo, ND

2091300036

COMMUNITY FIRST BANK

2091300036

REQUEST 200204031530 2182.84

ROLL A80580 20010406 000000053640615

ACS F ACCT 6010000020904621

REQUESTER SHANNON SPARKS

BANK NUMBER: 0000000601;PHOTOCOPY FEE: 5.00;NO INSTRUCTIONS

VERDE LEE WATER CO INC

PO BOX 984

CLIFTON, AZ 85533-0984

4397

VERDE LEE WATER CO., INC.

P.O. BOX 984
CLIFTON, AZ 85533

DATE

10-3-01

21-29
1221PAY
TO THE
ORDER OF

GREENLEE COUNTY TREASURER

\$ 2359.07

TWO THOUSAND, THREE HUNDRED, FIFTY NINE & 07/100

DOLLARS

BANK ONE.

Bank One Arizona, Inc.
National Office: 1000
Phoenix, Arizona

FOR

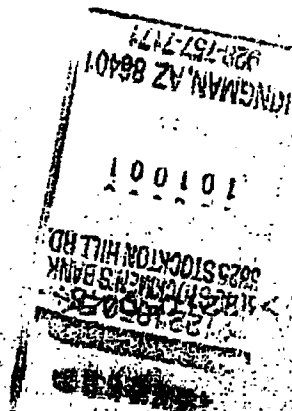
1st HALF 2001 PROPERTY TAX

Forest G. Williams

⑈004397⑈ ⑈122100024⑈

2090⑈4621⑈

⑈0000235907⑈

PAY TO THE ORDER OF
THE STOCKMEN'S BANK
MORENO, AZ 85040122105045
FOR DEPOSIT ONLY
PAT HERNANDEZGREENLEE COUNTY TREASURER
36030002603603000260
THE STOCKMEN'S BANK
100101REQUEST 200204031530 2359.07
ROLL 702660 20011011 000000061654199
ACS F ACCT 6010000020904621
REQUESTER SHANNON SPARKS

BANK NUMBER: 0000000601;PHOTOCOPY FEE: 5.00;NO INSTRUCTIONS

VERDE LEE WATER CO INC
PO BOX 984
CLIFTON, AZ 85533-0984